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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 002076

SIPDIS

STATE PASS AIT/W

E.O. 12958: DECL: 02/01/2015

TAGS: [PREL](#) [PGOV](#) [PINR](#) [CH](#) [TW](#)

SUBJECT: PRESIDENT CHEN TRIES TO BALANCE CONFLICTING PRESSURES

REF: A. TAIPEI 1968

[B](#). BEIJING 7154

[C](#). TAIPEI 2066

[D](#). TAIPEI 1977

[E](#). TAIPEI 2001

Classified By: AIT Director Douglas Paal, Reason: 1.4 (B/D)

[1](#)1. (C) Summary: Over the weekend, President Chen Shui-bian moved dramatically to address discontent within his Democratic Progressive Party (DPP) base over his stance on recent Pan-Blue contacts with Beijing. DPP anger is not limited to Chen's endorsement of Lien Chan's recent visit, but is also driven by concern that Chen will be pressured into making concessions toward Beijing detrimental to Taiwan interests. The DPP's performance in the May 14 National Assembly (NA) election may determine whether Chen can bring his party behind his policy of reconciliation with the opposition and Beijing. In order to stave off a major DPP setback while keeping the door open to cross-party reconciliation after the NA election, Chen has attempted to balance his soft line on the substance of the Pan-Blue visits with criticism over public statements made by Lien Chan and James Soong on the Mainland. Chen has also publicly admonished major figures in his own Pan-Green camp over their failure to appreciate and support his policy course. At the same time, Chen has leveraged USG statements of support to bolster his moderate policy line. Chen aides say the President will resist pressure from either camp to adjust the substance of the government's policies. However, if Chen's balancing act fails, he could soon find himself without the political means to pursue his government's policy objectives, either in the cross-Strait arena or on domestic policy. End Summary.

Chen's Challenge

[1](#)2. (C) DPP officials were dismayed by KMT Chairman Lien Chan's decision to visit the PRC in the immediate aftermath of the Anti-Secession Law (ASL). DPP leaders of all stripes publicly denounced Lien for serving as a tool for PRC propaganda and privately bemoaned that Lien's trip would undermine international support for Taiwan in the wake of the ASL. Even moderate DPP figures expressed genuine anger with Lien's speech at Beijing University (Refs A and B), particularly his criticism over Taiwan's democratic institutions and political leadership. In the lead-up to Lien's visit, President Chen Shui-bian had set the tone for Pan-Green critics. Thus, Chen's subsequent decision to endorse the Lien visit and later declaration that Lien's "five point" joint statement with Hu Jintao did not violate Taiwan law came as a shock to the Pan-Green base, leading to confusion over the President's policies and objectives.

[1](#)3. (C) In the wake of Chen's reversal, many DPP officials expressed fear that Chen, either voluntarily or under external pressure, might jump on the PRC bandwagon by compromising on what they perceive as core Taiwan interests. Veteran DPP legislator Hong Chi-chang, normally among the most pro-reconciliation politicians in the party, expressed concern to AIT that Chen's lack of political principles and thirst for public attention will encourage him to seek a "breakthrough" with Beijing, regardless of the long-term cost to Taiwan's interests. DPP Deputy Secretary General Yen Wan-ching told AIT that such suspicions are fueled by the fact that Chen shares his thinking with only a handful of aides in the National Security Council (NSC) and Presidential Office, leaving the rest of his party to divine his intentions based on often conflicting public statements.

[1](#)4. (C) DPP officials are also concerned that Chen's positioning has left the party vulnerable to a major setback during the May 14 National Assembly (NA) election (Ref C). With core Pan-Blue voters expected to be energized by the Lien/Soong visits and core Pan-Green voters tempted by the Taiwan Solidarity Union's (TSU) unambiguous condemnation of Lien and Soong (and, increasingly, of Chen), the DPP may find itself holding the middle in an election where most centrist voters stay at home. DPP officials have warned Chen that plummeting DPP polling numbers are directly related to the President's ambiguous position on the Lien/Soong visits. An informal sampling of DPP supporters in Taichung County in

central Taiwan found widespread discontent with Chen's position on the Pan-Blue visits, with most of those interviewed telling AIT they will cast ballots for the TSU as a protest to Chen's moderation.
Chen's Response: Attack on All Fronts

15. (C) Recognizing the threat to his policy course, President Chen has moved to quell internal criticism and build support for his plans to reach out to the two Pan-Blue leaders after May 14. On May 6, Chen convened a televised meeting in which he demanded senior DPP party, local government, and legislative leaders defend his policy of reconciliation and scolded party leaders for failing to explain his policies to the public (Ref D). Chen used a two-hour television interview on May 8 to defend his position on the Lien/Soong visits directly to the public. Chen aides say a second pre-recorded installment of the interview to be broadcast on the evening of May 9 will include a strong response to attacks from former President Lee Teng-hui. Presidential Office Deputy Secretary General James Huang told AIT on May 6 that Chen's highest priority now is to quiet Pan-Green discontent, for fear that major defections from the DPP to the TSU on May 14 could complicate the President's efforts to build a centrist base for his policies. DPP Legislator Tsai Chi-chang told AIT on May 9 that Chen's recent explanations have mollified "about 50 percent" of the party, but asserted that more would need to be done to convince the party's voter base that he is not simply reacting to external pressures.

16. (C) In crafting his message to the DPP's voter base, Chen has tried to walk a fine, if erratic, line between acknowledging Pan-Green anger over the Lien/Soong visits while defending his outreach to both the opposition and Beijing. On May 6, Chen coined a new mantra of "criticize actions, not people" (dui shi, budui ren) to define his attacks on the Pan-Blue leadership. After offering this mantra, Chen rebuked both Lien and Soong personally for declaring that independence is "not an option" for Taiwan's future. Chen has been especially critical of Lien's suggestion of a KMT-CCP "united front" against Taiwan independence and his use of the April 29 Beijing University speech to criticize Taiwan's democratic institutions. However, Chen continues to defend his position that Lien's meeting with Hu Jintao was conducted in the proper manner and did not undermine Chen's own authority. Chen has also responded to suspicion over his own motives, asserting that his shift towards reconciliation is in reaction to political realities and not part of an effort to "win a Nobel peace prize" at any cost.

USG Key

17. (C) DPP officials say that USG support remains one of Chen's few trump cards in defense of his moderate positions from critics on both sides. The Presidential Office's Huang told AIT that President Bush's phone call to Hu Jintao provided a major boost to Chen's efforts to quell Pan-Green discontent over his policies. On May 8, Chen hailed the Bush-Hu phone call, terming it a significant endorsement of Taiwan's democratic institutions. However, the KMT has also continued to claim USG support for its position over Chen's. On May 6, the KMT released reports that President Bush conveyed to Lien his personal endorsement over Lien's recent PRC visit. KMT Legislator Su Chi told the media the same day that the USG has continued to pressure Chen to endorse KMT overtures, including by threatening to withhold permission to transit the United States. The DPP's Tsai told AIT that many in the party suspect that Chen's endorsement of Lien's visit was the result of U.S. pressure.

Game Plan: Consolidate, then Negotiate

18. (C) Chen aides say that while the President will try to balance conflicting pressures from the Pan-Blue and DPP fundamentalists, he will offer no major substantive concessions to either side even if the DPP loses the NA election or the KMT backs out of the proposed Chen-Lien meeting in response to Chen's recent attacks. NSC Senior Advisor for cross-Strait policy Chen Chung-hsin told AIT that the government has formulated a three-point "bottom line," which it has conveyed to the PRC through its own indirect channels:

1) Taipei is willing to facilitate Beijing's offer over tourism and agriculture, but if the PRC is serious about easing tensions, it should respond to Taipei's offer over to establish direct cargo flights. The government will not block the panda initiative, but Beijing should deal directly with local Taiwan jurisdictions equipped to accept the gift.

2) The President will not be forced by Beijing or the Pan-Blue into accepting the "1992 consensus" or "one China." The President has worked hard to build a DPP consensus behind the "Republic of China," and offered substantial flexibility

in his "results of the 1992 Hong Kong talks" formulation. Taipei is willing to engage in dialogue with Beijing on any subject, but if the PRC is intent on setting preconditions for talks, Beijing will need to take the next step towards finessing the "1992" impasse.

3) The government's patience for PRC dialogue with opposition parties is not unlimited. If the PRC continues to limit its interaction to the Pan-Blue parties while ignoring the DPP government, Taipei will reassess its conciliatory position.

Comment: Chen's High-Wire Act

9. (C) It is too early to assess whether Chen can successfully mollify his Pan-Green base without undermining prospects for cross-party reconciliation after the NA election. Chen's May 8 attacks on Lien's Beijing University speech and allegation that Soong cut a deal in January with the PRC to derail constitutional amendments in the NA have provoked warnings from Pan-Blue officials over a new chill in ruling-opposition relations. While senior DPP officials have fallen into line after Chen's public rebuke on May 6, fissures within the party could quickly re-emerge if the party suffers a major setback in the NA election.

10. (C) Chen appears adamant about resisting pressure from Beijing and the Pan-Blue to accept "one China" and from Pan-Green fundamentalists to freeze cross-strait substantive interactions. The risk appears to be less that Chen will be forced to alter his fundamental policy course than that internal discord and Chen's own sharp rhetoric could make it impossible to achieve the government's policy objectives, be they in the cross-strait arena or on domestic issues. USG statements in support of a government-to-government dialogue across the Taiwan Strait have helped ease political frictions inside Taiwan on both sides of the Blue-Green. Public and private statements from U.S. officials in support of a calm dialogue among Taiwan's political leaders should also help maintain momentum towards cross-party reconciliation after May 14, a key ingredient to any movement on the Special Defense Procurement Budget during the current legislative session (Ref E).

PAAL